WHAT IS CLAIMED IS:

1.   A method of performing financial processing in a computer, comprising:

(a) accessing account, event and organization attributes from a database accessible by the computer, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status;

(b) performing one or more profitability calculations in the computer using the account, event and organization attributes accessed from the database, as well as one or more profit factors and one or more rules, wherein the profitability calculations include:

$$\text{Profit} = \text{Net Interest Revenue (NIR)}$$
$$+ \quad \text{Other Revenue (OR)}$$
$$- \quad \text{Direct Expense (DE)}$$
$$- \quad \text{Indirect Expense (IE)}$$
$$- \quad \text{Risk Provision (RP)}$$

(c) wherein the Risk Provision comprises an expected future loss that arises from one or more risk factors.

2.   The method of claim 1, wherein the risk factors are selected from a group comprising loss rates, reserve percentages, exposure factors, recovery rates, default probabilities, and collection costs.

3.   The method of claim 1, wherein the rules include apportionment of the Risk Provision among the accounts.

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4.   The method of claim 1, wherein the Risk Provision predicts the expected future losses at the account level.

5.   The method of claim 4, wherein the Risk Provision apportions the expected future loss among the accounts.

6.   The method of claim 4, wherein the Risk Provision adjusts the Profit for the expected future losses.

7.   The method of claim 4, wherein an actuarial reserve represents the expected future losses.

8.   The method of claim 4, the organization commits reserves to cover the expected future loss.

9.   The method of claim 8, further comprising provisioning the reserves as transactions occur.

10.   The method of claim 8, further comprising withdrawing from the reserves as defaults occur.

11.   The method of claim 1, wherein the reserves include Ending Loss Reserves and Beginning Loss Reserves, and the Ending Loss Reserves comprises:

Ending Loss Reserves = Beginning Loss Reserves

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- Losses

+ Recoveries

+ Risk Provisions

5   12.   The method of claim 1, further comprising grouping the accounts into risk

provision groups (RPG), wherein each of the accounts is assigned to only one RPG.

13.   The method of claim 12, wherein each of the RPGs has a Risk Provision

amount associated therewith.

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14.   The method of claim 12, wherein the Risk Provision amount associated with

each of the RPGs is assigned by the organization.

15.   The method of claim 12, wherein the Risk Provision amount associated with

15   each of the RPGs is calculated.

16.   The method of claim 15, wherein the Risk Provision amount associated with

each of the RPGs comprises:

Risk Provision = Reserve amount for RPG_i at end of a current period

20   - Reserve amount for RPG_i at end of a previous period

+ Losses during the current period

- Recoveries during the current period

17.   The method of claim 12, wherein the apportionment of the Risk Provision

amounts to each account in one of the RPGs is based on a balance for the account.

18.   The method of claim 12, further comprising calculating the Risk Provision of

5   an account according to:

$$RP(a_i) + RP \ amount \ for \ RPG(a_i) * \frac{Balance \ of \ a_i}{\sum_{k}^{a_k \in RPG(a_i)} Balance \ a_k}$$

wherein a_i comprises an account, $RP(a_i)$ comprises the Risk Provision for the account

a_i, and $RPG(a_i)$ denotes to which RPG the account a_i is assigned.

10   19.   The method of claim 18, wherein a sum of $RP(a_i)$ for all accounts a_i in one of

the RPGs is equal to the RP for the RPG.

20.   The method of claim 18, wherein the Risk Provision comprises an account-

level risk factor that is used to weight the accounts' balances.

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21.   The method of claim 18, wherein the Risk Provision amount is allocated to

each RPG and multiplied by a Credit Risk Factor (CRF).

22.   The method of claim 21, wherein the Credit Risk Factor (CRF) identifies

20   costs associated with expected future losses that arise in lending activities.

23.   The method of claim 21, further comprising calculating $RP(a_i)$ according to:

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$$RP \; for \; a_i = RP \; amount \; for \; RPG(a_i) * \frac{Balance(a_i) * CRF(a_i)}{\sum\limits_{k}^{a_k \in RPG(a_i)} [Balance(a_k) * CRF(a_k)]}$$

24.   The method of claim 21, wherein the CRF adjusts the Risk Provision for risk factors that are subordinate to the RPGs.

25.   The method of claim 1, wherein the Risk Provision comprises an expected future loss calculated for each account using account, product, and customer characteristics.

26.   The method of claim 1, wherein an exposure amount allows the direct calculation of the Risk Provision.

27.   The method of claim 26, further comprising calculating RP(a) according to:

$$RP(a_i) = Exposure(a_i) * CDP(a_i) * \left(1 - \min\left(1, \frac{RCV(a_i)}{Balance(a_i) + Collection \; Cost(a_i)}\right)\right)$$

wherein Exposure(a_i) is the exposure amount for account a_i and the Customer Default Probability CDP(a_i) is a probability function of credit risk default frequency for the account a_i.

28.   A system for financial processing, comprising:

a computer;

logic, performed by the computer, for:

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(a) accessing account, event and organization attributes from a database accessible by the computer, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status;

(b) performing one or more profitability calculations in the computer using the account, event and organization attributes accessed from the database, as well as one or more profit factors and one or more rules, wherein the profitability calculations include:

$$
\begin{aligned}
\text{Profit} \quad = \quad & \text{Net Interest Revenue (NIR)} \\
+ \quad & \text{Other Revenue (OR)} \\
- \quad & \text{Direct Expense (DE)} \\
- \quad & \text{Indirect Expense (IE)} \\
- \quad & \text{Risk Provision (RP)}
\end{aligned}
$$

(c) wherein the Risk Provision comprises an expected future loss that arises from one or more risk factors.

29.   The system of claim 28, wherein the risk factors are selected from a group comprising loss rates, reserve percentages, exposure factors, recovery rates, default probabilities, and collection costs.

30.   The system of claim 28, wherein the rules include apportionment of the Risk Provision among the accounts.

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31.   The system of claim 28, wherein the Risk Provision predicts the expected

future losses at the account level.

32.   The system of claim 31, wherein the Risk Provision apportions the expected

5   future loss among the accounts.

33.   The system of claim 31, wherein the Risk Provision adjusts the Profit for the

expected future losses.

10   34.   The system of claim 31, wherein an actuarial reserve represents the expected

future losses.

35.   The system of claim 31, the organization commits reserves to cover the

expected future loss.

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36.   The system of claim 35, further comprising logic for provisioning the

reserves as transactions occur.

37.   The system of claim 35, further comprising logic for withdrawing from the

20   reserves as defaults occur.

38.   The system of claim 28, wherein the reserves include Ending Loss Reserves

and Beginning Loss Reserves, and the Ending Loss Reserves comprises:

Ending Loss Reserves = Beginning Loss Reserves

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           − Losses

           + Recoveries

           + Risk Provisions

5   39.   The system of claim 28, further comprising logic for grouping the accounts into risk provision groups (RPG), wherein each of the accounts is assigned to only one RPG.

    40.   The system of claim 39, wherein each of the RPGs has a Risk Provision amount associated therewith.

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    41.   The system of claim 39, wherein the Risk Provision amount associated with each of the RPGs is assigned by the organization.

    42.   The system of claim 39, wherein the Risk Provision amount associated with
15   each of the RPGs is calculated.

    43.   The system of claim 42, wherein the Risk Provision amount associated with each of the RPGs comprises:

     Risk Provision = Reserve amount for RPG_i at end of a current period

20   − Reserve amount for RPG_i at end of a previous period

            + Losses during the current period

            − Recoveries during the current period

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44.   The system of claim 39, wherein the apportionment of the Risk Provision

amounts to each account in one of the RPGs is based on a balance for the account.

45.   The system of claim 39, further comprising logic for calculating the Risk

5   Provision of an account according to:

$$RP(a_i) + RP \text{ amount for } RPG(a_i) * \frac{Balance \text{ of } a_i}{\sum_k Balance \, a_k} \quad a_j \in RPG(a_i)$$

wherein a_i comprises an account, $RP(a_i)$ comprises the Risk Provision for the account

a_i, and $RPG(a_i)$ denotes to which RPG the account a_i is assigned.

10   46.   The system of claim 45, wherein a sum of $RP(a_i)$ for all accounts a_i in one of

the RPGs is equal to the RP for the RPG.

47.   The system of claim 45, wherein the Risk Provision comprises an account-

level risk factor that is used to weight the accounts' balances.

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48.   The system of claim 45, wherein the Risk Provision amount is allocated to

each RPG and multiplied by a Credit Risk Factor (CRF).

49.   The system of claim 48, wherein the Credit Risk Factor (CRF) identifies costs

20   associated with expected future losses that arise in lending activities.

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50.   The system of claim 48, further comprising logic for calculating RP(a$_i$) according to:

$$RP \ for \ a_i = RP \ amount \ for \ RPG(a_i) * \frac{Balance(a_i) * CRF(a_i)}{\sum_{k}^{a_k \in RPG(a_i)} [Balance(a_k) * CRF(a_k)]}$$

5   51.   The system of claim 48, wherein the CRF adjusts the Risk Provision for risk factors that are subordinate to the RPGs.

52.   The system of claim 28, wherein the Risk Provision comprises an expected future loss calculated for each account using account, product, and customer characteristics.

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53.   The system of claim 28, wherein an exposure amount allows the direct calculation of the Risk Provision.

54.   The system of claim 53, further comprising logic for calculating RP(a) according to:

15   according to:

$$RP(a_i) = Exposure(a_i) * CDP(a_i) * \left(1 - \min\left(1, \frac{RCV(a_i)}{Balance(a_i) + Collection \ Cost(a_i)}\right)\right)$$

wherein Exposure(a$_i$) is the exposure amount for account a$_i$ and the Customer Default Probability CDP(a$_i$) is a probability function of credit risk default frequency for the account a$_i$.

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55.   An article of manufacture embodying logic for performing financial

processing in a computer, comprising:

(a) accessing account, event and organization attributes from a database accessible by

the computer, wherein: (1) the account attributes comprise data about accounts being

5   measured, (2) the event attributes comprise data about account-related transactions, and (3)

the organization attributes comprise data about the organization's financial status;

(b) performing one or more profitability calculations in the computer using the

account, event and organization attributes accessed from the database, as well as one or

more profit factors and one or more rules, wherein the profitability calculations include:

10   Profit   =   Net Interest Revenue (NIR)

        +   Other Revenue (OR)

        -     Direct Expense (DE)

        -     Indirect Expense (IE)

        -     Risk Provision (RP)

15   (c) wherein the Risk Provision comprises an expected future loss that arises from

one or more risk factors.

56.   The article of manufacture of claim 55, wherein the risk factors are selected

from a group comprising loss rates, reserve percentages, exposure factors, recovery rates,

20   default probabilities, and collection costs.

57.   The article of manufacture of claim 55, wherein the rules include

apportionment of the Risk Provision among the accounts.

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58.   The article of manufacture of claim 55, wherein the Risk Provision predicts the expected future losses at the account level.

59.   The article of manufacture of claim 58, wherein the Risk Provision

5   apportions the expected future loss among the accounts.

60.   The article of manufacture of claim 58, wherein the Risk Provision adjusts the Profit for the expected future losses.

10   61.   The article of manufacture of claim 58, wherein an actuarial reserve represents the expected future losses.

62.   The article of manufacture of claim 58, the organization commits reserves to cover the expected future loss.

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63.   The article of manufacture of claim 62, further comprising provisioning the reserves as transactions occur.

64.   The article of manufacture of claim 62, further comprising withdrawing from

20   the reserves as defaults occur.

65.   The article of manufacture of claim 55, wherein the reserves include Ending Loss Reserves and Beginning Loss Reserves, and the Ending Loss Reserves comprises:

Ending Loss Reserves = Beginning Loss Reserves

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– Losses

+ Recoveries

+ Risk Provisions

5   66.   The article of manufacture of claim 55, further comprising grouping the accounts into risk provision groups (RPG), wherein each of the accounts is assigned to only one RPG.

67.   The article of manufacture of claim 66, wherein each of the RPGs has a Risk
10   Provision amount associated therewith.

68.   The article of manufacture of claim 66, wherein the Risk Provision amount associated with each of the RPGs is assigned by the organization.

15   69.   The article of manufacture of claim 66, wherein the Risk Provision amount associated with each of the RPGs is calculated.

70.   The article of manufacture of claim 69, wherein the Risk Provision amount associated with each of the RPGs comprises:

20   Risk Provision = Reserve amount for RPG_i at end of a current period

- Reserve amount for RPG_i at end of a previous period

+ Losses during the current period

- Recoveries during the current period

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71.   The article of manufacture of claim 66, wherein the apportionment of the Risk Provision amounts to each account in one of the RPGs is based on a balance for the account.

5   72.   The article of manufacture of claim 66, further comprising calculating the Risk Provision of an account according to:

$$RP(a_i) + RP \text{ amount for } RPG(a_i) * \frac{Balance \text{ of } a_i}{\sum_{k}^{a_k \in RPG(a_i)} Balance \text{ } a_k}$$

wherein a_i comprises an account, $RP(a_i)$ comprises the Risk Provision for the account a_i, and $RPG(a_i)$ denotes to which RPG the account a_i is assigned.

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73.   The article of manufacture of claim 72, wherein a sum of $RP(a_i)$ for all accounts a_i in one of the RPGs is equal to the RP for the RPG.

74.   The article of manufacture of claim 72, wherein the Risk Provision comprises an account-level risk factor that is used to weight the accounts' balances.

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75.   The article of manufacture of claim 72, wherein the Risk Provision amount is allocated to each RPG and multiplied by a Credit Risk Factor (CRF).

20   76.   The article of manufacture of claim 75, wherein the Credit Risk Factor (CRF) identifies costs associated with expected future losses that arise in lending activities.

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77.   The article of manufacture of claim 75, further comprising calculating $RP(a_i)$ according to:

$$RP \text{ for } a_i = RP \text{ amount for } RPG(a_i) * \frac{Balance(a_i) * CRF(a_i)}{\sum_{k}^{a_k \in RPG(a_i)} [Balance(a_k) * CRF(a_k)]}$$

5   78.   The article of manufacture of claim 75, wherein the CRF adjusts the Risk Provision for risk factors that are subordinate to the RPGs.

79.   The article of manufacture of claim 55, wherein the Risk Provision comprises an expected future loss calculated for each account using account, product, and customer

10   characteristics.

80.   The article of manufacture of claim 55, wherein an exposure amount allows the direct calculation of the Risk Provision.

15   81.   The article of manufacture of claim 80, further comprising calculating $RP(a)$ according to:

$$RP(a_i) = Exposure(a_i) * CDP(a_i) * \left(1 - \min\left(1, \frac{RCV(a_i)}{Balance(a_i) + Collection \ Cost(a_i)} \right) \right)$$

wherein $Exposure(a_i)$ is the exposure amount for account a_i and the Customer Default Probability $CDP(a_i)$ is a probability function of credit risk default frequency for the

20   account a_i.

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